

INTERSTATE POWER AND LIGHT COMPANY

IOWA ELECTRIC UTILITY

COST OF SERVICE

YEAR ENDED DECEMBER 31, 2020

Line No.	Description	(a) Test Year Forecast	(b) Adjustments	(c) Adjusted Test Year Forecast	(d) Additional Revenues Required to Yield 7.232%	(e) Total Revenues Required to Yield 7.232%
1	Operating revenues	\$ 1,806,928,229	\$ (27,867,407)	\$ 1,779,060,822	\$ 37,108,276	\$ 1,816,169,098
	Operating expenses:				2.1%	
2	Operation expenses	984,262,787	(29,017,809)	955,244,978		955,244,978
3	Maintenance expenses	75,583,847	-	75,583,847		75,583,847
4	Depreciation and amortization	328,070,079	(11,842,010)	316,228,069		316,228,069
5	Regulatory Amortizations	48,335,711	(25,080,669)	23,255,042		23,255,042
6	Property taxes	42,335,634	-	42,335,634		42,335,634
7	Miscellaneous taxes	8,346,075	-	8,346,075		8,346,075
	Income taxes -					
8	Current federal	(29,541,451)	6,830,408	(22,711,043)	6,942,958	(15,768,085)
9	Current state	(5,914,242)	3,971,932	(1,942,310)	4,037,380	2,095,070
10	Deferred	(33,991,096)	-	(33,991,096)		(33,991,096)
11	Investment tax credits	(227,511)	-	(227,511)		(227,511)
12	Total operating expenses	1,417,259,834	(55,138,148)	1,362,121,686	10,980,338	1,373,102,024
13	Operating income	\$ 389,668,395	\$ 27,270,741	\$ 416,939,136	\$ 26,127,937	\$ 443,067,074
	Rate Base:					
14	Emery Generating Station	\$ 173,582,903	\$ -	\$ 173,582,903		\$ 173,582,903
15	Whispering Willow East	171,832,193	-	171,832,193		171,832,193
16	Marshalltown Generating Station	590,091,578	-	590,091,578		590,091,578
17	New Wind	1,298,308,014	-	1,298,308,014		1,298,308,014
18	New Wind - PTC Carryforward					
19	All Other - Earning	3,992,717,089	(185,435,352)	3,807,281,737		3,807,281,737
20	Whispering Willow East - Non Earning	18,211,544	-	18,211,544		18,211,544
21	Total Rate base	\$ 6,244,743,322	\$ (118,032,589)	\$ 6,126,710,733		\$ 6,126,710,733
22	Cost of Capital:	6.240%		6.805%		
23	Emery Generating Station					8.363%
24	Whispering Willow East					8.093%
25	Marshalltown Generating Station					7.736%
26	New Wind					7.736%
27	New Wind - PTC Carryforward					4.676%
28	All Other - Earning					6.971%
29	Whispering Willow East - Non Earning					0.000%

Source:

Column (a), Lines 1-11: IPL Fields Direct Exhibit 6 (Final)(E)  
 Column (a), Lines 14-20: Settlement Schedule C, column (a)  
 Column (b), Lines 1-11: Settlement Schedule B, column (f)  
 Column (b), Lines 14-20: Settlement Schedule C, column (b)  
 Column (e), Lines 23-29: Settlement Schedule E, column (g)

**INTERSTATE POWER AND LIGHT COMPANY**  
**IOWA ELECTRIC UTILITY**  
**SUMMARY OF ADJUSTMENTS TO COST OF SERVICE**  
**YEAR ENDED DECEMBER 31, 2020**

Line No.	Exhibit Designation: Schedule:	(a)	(b)	(c)	(d)	(e)	(f)
Brief Description of Adjustment:	Eliminate Changes in Depreciation Rates	Eliminate Short- term and Long- term Performance Pay	Adjust Retired Meters Regulatory Asset	Adjust Forecasted Operation Expense	Interest Synchronization	Total Adjustments to Cost of Service	
1	Operating Revenues			\$ (27,867,407)			\$ (27,867,407)
	Operating Expenses:						
2	Operation Expense		\$ (20,361,310)		(8,656,499)		(29,017,809)
3	Maintenance Expense						-
4	Depreciation and Amortization	\$ (11,842,010)					(11,842,010)
5	Regulatory Amortizations			\$ (25,080,669)			(25,080,669)
6	Property Taxes						-
7	Miscellaneous Taxes						-
	Income Taxes-						
8	Current Federal at 18.71%	2,215,640	3,809,601	(521,399)	1,619,631	(293,065)	6,830,408
9	Current State at 10.88%	1,288,411	2,215,311	(303,197)	941,827	(170,420)	3,971,932
10	Deferred						-
11	Production Tax Credit						-
12	Investment Tax Credit						-
13	Total Operating Expense	(8,337,959)	(14,336,398)	(25,905,265)	(6,095,041)	(463,485)	(55,138,148)
14	Operating Income	\$ 8,337,959	\$ 14,336,398	\$ (1,962,142)	\$ 6,095,041	\$ 463,485	\$ 27,270,741

Source for Settlement Adjustment: IPL's July 22, 2019,  
Response to Board  
Information Request No.  
1, "Response  
1\_CONF.xlsx", Sch. B

OCA Kruger Direct  
Testimony, p. 53

WP 1

OCA Kruger Direct

Sch. B, p.2

INTERSTATE POWER AND LIGHT COMPANY

IOWA ELECTRIC UTILITY

PRO FORMA ADJUSTMENT TO REFLECT INTEREST SYNCHRONIZATION

YEAR ENDED DECEMBER 31, 2020

<u>Line No.</u>			<u>Pro forma Adjustment</u>
1	Rate base - earning	\$ 6,108,499,189	
2	Weighted average cost of long-term debt		
3	Interest on rate base	120,826,114	
4	Booked long-term debt interest	119,259,758	
5	Difference	<u>1,566,356</u>	
6	Federal income tax adjustment		<u>\$ (293,065)</u>
7	State income tax adjustment		<u>\$ (170,420)</u>

Source:

Line 1: Settlement Schedule C, line 26, column (c), less Schedule C, line 25, column (c).

Line 2: Settlement Schedule E, line 1, column (f).

Line 4: Settlement Schedule D, page 2, line 24.

Line 6: Line 5 times 18.71% federal income tax rate.

Line 7: Line 5 times 10.88% state income tax rate.

## INTERSTATE POWER AND LIGHT COMPANY

## IOWA ELECTRIC UTILITY

THIRTEEN MONTH AVERAGE  
RATE BASE

YEAR ENDED DECEMBER 31, 2020

Line No.	Description	(a) Thirteen Month Average	(b) Adjustments	(c) Adjusted Rate Base
1	Utility plant in service	\$ 8,967,593,815	\$ -	\$ 8,967,593,815
2	Accumulated provision for depreciation and amortization	(2,568,840,548)	3,775,111	(2,565,065,437)
3	Accumulated deferred income taxes	(404,361,699)	(9,810,721)	(414,172,420)
4	Construction Work in Progress	89,786,334	(89,786,334)	(0)
5	Customer advances for construction	(13,496,196)	-	(13,496,196)
6	Customer deposits	(789,528)	-	(789,528)
7	Regulatory Assets	114,872,091	(21,628,122)	93,243,970
8	Accumulated provision for uncollectibles	(12,491,171)	-	(12,491,171)
9	Accrued liability for workers compensation insurance and injuries and damages	(5,457,357)	-	(5,457,357)
10	Accrued vacation	(8,746,757)	-	(8,746,757)
11	Accrued pension plan/OPEB obligations	(8,069,527)	-	(8,069,527)
12	<u>Total net investment in plant</u>	<u>6,149,999,457</u>	<u>(117,450,066)</u>	<u>6,032,549,391</u>
	Working capital:			
13	Materials and supplies inventory	61,726,952	-	61,726,952
14	Prepayments	11,629,934	-	11,629,934
15	Fuel inventory	42,908,756	-	42,908,756
16	Cash working capital requirements	(21,521,777)	(582,523)	(22,104,300)
17	<u>Total net working capital</u>	<u>94,743,865</u>	<u>(582,523)</u>	<u>94,161,342</u>
18	<u>Total rate base</u>	<u>\$ 6,244,743,322</u>	<u>\$ (118,032,589)</u>	<u>\$ 6,126,710,733</u>
	Rate Base:			
19	Emery Generating Station	\$ 173,582,903	\$ -	\$ 173,582,903
20	Whispering Willow East	171,832,193	-	171,832,193
21	Marshalltown Generating Station	590,091,578	-	590,091,578
22	New Wind	1,298,308,014	-	1,298,308,014
23	New Wind - PTC Carryforward			
24	All Other - Earning	3,992,717,089	(185,435,352)	3,807,281,737
25	Whispering Willow East - Non Earning	18,211,544	-	18,211,544
26	<u>Total rate base</u>	<u>\$ 6,244,743,322</u>	<u>\$ (118,032,589)</u>	<u>\$ 6,126,710,733</u>

## Source:

Column (a): IPL Fields Direct Exhibit 3 (Final)(E), column (b)

Column (b): Settlement Schedule D, column (g)

**INTERSTATE POWER AND LIGHT COMPANY**  
**IOWA ELECTRIC UTILITY**  
**SUMMARY OF ADJUSTMENTS TO THE RATE BASE**  
**YEAR ENDED DECEMBER 31, 2020**

Line No.	Brief Description of Adjustment:	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	<i>Exhibit Designation: Schedule Number:</i>	<b>Eliminate CWIP in Rate Base</b>	<b>Carrying Charge for New Wind PTC Carryforward</b>	<b>Eliminate Retired Meters Regulatory Asset</b>	<b>Unprotected EDIT Liability</b>	<b>Eliminate Changes in Depreciation Rates</b>	<b>Cash Working Capital</b>	<b>Total Adjustments to Rate Base</b>
<b>Investment in plant:</b>								
1	Utility plant in service							\$ -
2	Accumulated provision for depreciation and amortization					\$ 3,775,111		3,775,111
3	Accumulated deferred income taxes		\$ -		\$ (9,810,721)			(9,810,721)
4	Construction Work in Progress	\$ (89,786,334)						(89,786,334)
5	Customer advances for construction							-
6	Customer deposits							-
7	Regulatory Assets			\$ (21,628,122)				(21,628,122)
8	Accumulated provision for uncollectibles							-
9	Accrued liability for workers compensation insurance and injuries and damages							-
10	Accrued vacation							-
11	Accrued pension plan obligations							-
12	<b>Total net investment in plant</b>	<u>(89,786,334)</u>	<u>-</u>	<u>(21,628,122)</u>	<u>(9,810,721)</u>	<u>3,775,111</u>		<u>(117,450,066)</u>
<b>Working capital:</b>								
13	Materials and supplies inventory							-
14	Prepayments							-
15	Fuel inventory							-
16	Cash working capital requirements						\$ (582,523)	(582,523)
17	<b>Total net working capital</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(582,523)</u>	<u>(582,523)</u>
18	<b>Total rate base</b>	<u>\$ (89,786,334)</u>	<u>\$ -</u>	<u>\$ (21,628,122)</u>	<u>\$ (9,810,721)</u>	<u>\$ 3,775,111</u>	<u>\$ (582,523)</u>	<u>\$ (118,032,589)</u>
<b>Rate Base for Advanced Ratemaking Plant</b>								
19	Emery Generating Station							-
20	Whispering Willow East							-
21	Marshalltown Generating Station							-
22	New Wind							-
23	New Wind - PTC Carryforward							-

*Source for Settlement Adjustment:*

IPL Fields Direct Exhibit 7 (Final)(E), Schedule G, line 24, column (e)

IPL's July 22, 2019, Response to Board Information Request No. 1, "Response 1\_CONF.xlsx", CONF WP 1

IPL Fields Direct Exhibit 11 (Final)(E), WP G-4(a), lines 5 & 6, column (c)

WP 2

WP 3

Sch. D, p. 2

## INTERSTATE POWER AND LIGHT COMPANY

## IOWA ELECTRIC UTILITY

## DETERMINATION OF CASH WORKING CAPITAL REQUIREMENTS

YEAR ENDED DECEMBER 31, 2020

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	<b>Days of Lag</b>						
<b>Estimated revenue lag:</b>							
1 Metering period	15.2						
2 Processing bills	1.9						
3 Collection period	26.3						
4 Total	43.4						
					<b>Pro Forma Adjustment</b>		
		<b>Expense Per Day (a)/365</b>	<b>Days Cash Required</b>	<b>Cash Requirement (b) x (c)</b>	<b>Pro forma Amount</b>	<b>Expense Per Day (e)/365</b>	<b>Cash Req. for Adjust. (c) x (f)</b>
<b>Type of Expense</b>	<b>Amount</b>						
Labor:							
5 Bi-weekly	\$ 99,745,591	\$ 273,276	30.4	\$ 8,307,590			
6 Total Labor	99,745,591	273,276	30.4	8,307,590	-	-	-
Fuel Burned:							
7 Coal, including freight	117,104,676	320,835	24.0	7,700,040			
8 Oil	750,296	2,056	25.7	52,839			
9 Natural Gas	111,378,609	305,147	6.9	2,105,514			
10 Top Deck	-	-	-	-			
11 Other (for pro forma adjustment only)	-	-	-	-			
12 Total Fuel Burned	229,233,580	628,038	15.7	9,858,393	-	-	-
13 Electricity purchased	200,132,736	548,309					
14 Off-system sales	(98,427,053)	(269,663)					
15 Electricity Purchased, net	101,705,683	278,646	15.3	4,263,284	-	-	-
Other operation and maintenance:							
16 Total operation and maintenance	1,059,846,634	2,903,689					
17 Less: Labor	99,745,591	273,276					
18 Fuel Burned	229,233,580	628,038					
19 Electricity purchased, before Off-system sales	200,132,736	548,309					
20 Total Other Operation and Maintenance	530,734,727	1,454,068	6.0	8,724,408	(29,017,809)	(79,501)	(477,006)
Other:							
21 Property taxes	42,335,634	115,988	(321.1)	(37,243,747)	-	-	-
22 Federal income taxes	(29,541,451)	(80,935)	5.5	(445,143)	13,773,366	37,735	207,543
23 State income taxes	(5,914,242)	(16,203)	(4.9)	79,395	8,009,312	21,943	(107,521)
24 Interest on long-term debt	119,259,758	326,739	(47.9)	(15,650,798)	1,566,356	4,291	(205,539)
25 Preferred dividends	9,256,500	25,360	(2.3)	(58,328)			
26 FICA taxes	8,217,546	22,514	27.4	616,884	-	-	-
27 Federal unemployment taxes	41,730	114	90.9	10,363			
28 State unemployment taxes	86,799	238	66.9	15,922			
29 Total Other	143,742,274	393,815	(133.8)	(52,675,452)	23,349,034	63,969	(105,517)
30 Total	1,105,161,856	\$ 3,027,843	(7.1)	\$ (21,521,777)	\$ (5,668,775)	\$ (15,532)	\$ (582,523)

Column (a): IPL Fields Direct Exhibit 3 (Final)(E), Schedule C-1, page 1 of 2

Column (c): Settlement Schedule D, page 3 of 4.

## INTERSTATE POWER AND LIGHT COMPANY

## IOWA ELECTRIC UTILITY

## DETERMINATION OF CASH WORKING CAPITAL REQUIREMENTS

## YEAR ENDED DECEMBER 31, 2020

	Days of Lag	Days of Lead	Days Cash Required
Field & GO bi-weekly payroll is paid six			
31 days after the end of the period.	43.4	13.0	30.4
32 Coal, including freight - per analysis	43.4	19.4	24.0
33 Oil - per analysis	43.4	17.7	25.7
34 Natural gas - per analysis	43.4	36.5	6.9
35 Electricity purchased - per analysis	43.4	28.1	15.3
36 Other - per analysis	43.4	37.4	6.0
37 Property taxes	43.4	364.5	(321.1)
38 Federal income taxes	43.4	37.9	5.5
39 State income taxes	43.4	48.3	(4.9)
Interest on long-term debt is paid			
40 every six months	43.4	91.3	(47.9)
Dividends on preferred			
41 stock are paid every quarter	43.4	45.7	(2.3)
42 FICA taxes	43.4	16.0	27.4
43 Federal unemployment taxes	43.4	(47.5)	90.9
44 State unemployment taxes	43.4	(23.5)	66.9

Source: IPL Fields Direct Exhibit 3 (Final)(E), Schedule C-1, page 2 of 2

**INTERSTATE POWER AND LIGHT COMPANY**

**IOWA ELECTRIC UTILITY**

**OTHER O&M ADJUSTMENTS - CASH W.C.**

**YEAR ENDED DECEMBER 31, 2020**

<u>Line No.</u>	<u>Amount</u>
1 Total adjustments to operation expense	\$ (29,017,809)
2 Total adjustments to maintenance expense	-
3 Total adjustments to O & M expense	(29,017,809)
4 Less: Labor adjustment	-
5 Less: uncollectibles adjustment	-
6 Less: Purchased power adjustments	-
7 Less: Fuel adjustments	-
8 Total adjustment to other O&M expense	<u>\$ (29,017,809)</u>

Source:

Lines 1-3: Settlement Schedule B, column (f), lines 2-3

**INTERSTATE POWER AND LIGHT COMPANY  
IOWA ELECTRIC UTILITY**

**PROJECTED THIRTEEN-MONTH AVERAGE COST OF CAPITAL  
YEAR ENDED DECEMBER 31, 2020**

Line No.	Weighted Average Cost of Capital for Year Ending December 31, 2020	(a) 13-Month Average Principal	(b) Adjustments to Principal	(c) Adjusted Principal Balance	(d) Capitalization Ratio	(e) Avg. Costs of Capital by Component	(f) Weighted Avg. Cost of Capital by Component	(g) Weighted Avg. Cost of Capital by Rate Base Component	
1	Long-term Debt								
2	Preferred Stock								
3	Common Equity					51.000%			
4	Electric - Emery						12.230%	6.237%	<b>8.363%</b>
5	Electric - WWE						11.700%	5.967%	<b>8.093%</b>
6	Electric - MGS						11.000%	5.610%	<b>7.736%</b>
7	Electric - New Wind						11.000%	5.610%	<b>7.736%</b>
8	Electric - New Wind PTC Carryforward						5.000%	2.550%	<b>4.676%</b>
9	Electric - All Other Rate Base						9.500%	4.845%	<b>6.971%</b>
10	Total					100.000%			

Source:

Column (a): Minimum Filing Requirements Exhibit 4 (Interim)(E), Schedule A-1

Column (b): Settlement adjustment for 51% common equity ratio

INTERSTATE POWER AND LIGHT COMPANY

IOWA ELECTRIC UTILITY

ADJUSTMENT TO UNPROTECTED EDIT AND RETIRED METERS AMORTIZATIONS

YEAR ENDED DECEMBER 31, 2020

Line No.			
	<b>Cost of Service:</b>		
	<b>Revenues-</b>		
1	Reflect EDIT amortization as a reduction to 2020 revenue	\$	(27,867,407)
2	Total revenue adjustment		<u>\$ (27,867,407)</u>
	<b>Regulatory Amortization expense-</b>		
3	Remove EDIT amortization from Regulatory Amortization expense	\$	(27,867,407)
4	Remove amortization expense for Retired Electric Meters		(2,131,085)
5	Reflect adjusted amortization expense for Retired Electric Meters		4,917,823
6	Total regulatory amortizations adjustments		<u>\$ (25,080,669)</u>

Source:

Line 1: WP 2, line 1, grossed-up to revenue requirement

Lines 3 & 4: IPL Fields Direct Exhibit 11 (Final)(E), WP G-4(a)

Line 5: IPL Fields Direct Exhibit 11 (Final)(E), WP G-4(c). 10-year amortization of 2020 beginning balance.

INTERSTATE POWER AND LIGHT COMPANY

IOWA ELECTRIC UTILITY

THIRTEEN MONTH AVERAGE UNPROTECTED EXCESS DEFERRED INCOME TAX LIABILITY

YEAR ENDED DECEMBER 31, 2020

Line No.			<u>IA Electric</u>
1	2019	December 31	\$ (19,621,441)
2	2020	January 31	(17,986,321)
3		February 28	(16,351,201)
4		March 31	(14,716,081)
5		April 30	(13,080,961)
6		May 31	(11,445,841)
7		June 30	(9,810,721)
8		July 31	(8,175,600)
9		August 31	(6,540,480)
10		September 30	(4,905,360)
11		October 31	(3,270,240)
12		November 30	(1,635,120)
13		December 31	-
14	TOTAL		<u>\$ (127,539,367)</u>
15	THIRTEEN-MONTH AVERAGE		<u>\$ (9,810,721)</u>

Source:

Line 1: "IPL Income Tax Model 2019-2020\_CONF.xlsx" Filed on EFS April 9, 2019; "ARAM" worksheet

INTERSTATE POWER AND LIGHT COMPANY

IOWA ELECTRIC UTILITY

ADJUSTMENT TO REFLECT CHANGES TO ACCUMULATED DEPRECIATION  
 RELATED TO DEPRECIATION STUDY

YEAR ENDED DECEMBER 31, 2020

Line No.		<u>IA Electric</u>
1	2019 December 31	\$ -
2	2020 January 31	629,185
3	February 28	1,258,370
4	March 31	1,887,556
5	April 30	2,516,741
6	May 31	3,145,926
7	June 30	3,775,111
8	July 31	4,404,297
9	August 31	5,033,482
10	September 30	5,662,667
11	October 31	6,291,852
12	November 30	6,921,038
13	December 31	<u>7,550,223</u>
14	TOTAL	<u>\$ 49,076,448</u>
15	THIRTEEN-MONTH AVERAGE	<u>\$ 3,775,111</u>

Source:

Line 13: Depreciation study impact in Sch. B, less ARO related impact (OCA Kruger Direct Testimony, p. 66)

Note: No associated impact to ADIT due to NOL